

OF
**PHOKWANE LOCAL
MUNICIPALITY**

2018/19 TO 2020/21
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

1.1 Executive Summary

The *Medium Term Budget Policy Statement* notes that the South African economy is projected GDP growth is expected to reach 1.5 per cent, supported by expanding public sector investment in infrastructure, the activation of new electricity-generating capacity, improving public sector confidence, relatively low inflation and interest rates and strong growth in the Southern African region.

Specific interventions to achieve this include: investing in strategic infrastructure programmes, including electricity generation and transport capacity needed to open up new mining and industrial opportunities. Linked to this is strengthening municipal finances and investing in residential development and urban infrastructure.

The proposed spending framework approved by Cabinet takes account of the need to control spending growth over the medium term while increasing the efficiency of existing allocations to improve public services.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2018/19 and ***so municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts***. Municipalities will have to carefully consider affordability of tariff increases especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. In generating capacity for spending on key municipal infrastructure ***municipalities will have to identify inefficiencies and eliminate non-priority spending***.

National priority – Expanding public sector investment in infrastructure

The key priorities in the local government and housing function are the provision of basic services such as water and sanitation, human settlements development and local government infrastructure.

Municipalities are required to reflect the allocation conditional grants in their budget because the gazetted amounts of the programme will flow directly into their primary bank accounts. Allocations are based on past performance, potential to create work using baseline allocations, need for employment creation in their area and an adjustment factor for rural municipalities.

Municipalities should not just employ more people without any reference to the level of staffing required to deliver effective services, remuneration increases associated with bargaining council decisions and what is financially sustainable over the medium term. The municipality ought to focus on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Expanded Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

Municipalities also play a critical role in creating an enabling environment for investments and other activities that lead to job creation. It is important for municipalities to pay particular attention to:

- Ensuring the timely delivery of their capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view to removing any regulatory bottlenecks to investment and job creation; and
- Act as a catalyst for local economic development by appropriately structuring capital programmes to address backlog eradication, asset renewal and development of new infrastructure; this will require carefully formulating the funding mix of the capital programme to include grants, borrowing and own funding (internally generated funding).

Image of Local Government

The Local Government Budgets and Expenditure Review highlighted the burgeoning crisis in the declining credibility of local government. Public perception at this time, as measured through various monitors and surveys reflected high levels of disenchantment with service delivery and perceived corruption at municipalities. Recent gauges of public opinion, evident in the outcome of recent surveys on corruption and fraud in government and increases in service delivery protests countrywide, confirm that this negative perception of local government persists.

In the medium to long term, these perceptions will improve as service delivery improves. In the short term, municipalities must demonstrate sound leadership and put in place measures to address mismanagement by implementing effective systems to measure, monitor and evaluate performance.

National Treasury's MFMA Circular No. 91 was used to guide the compilation of the 2018/19 MTREF.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff as well as the need to fill critical vacancies;
- Vat increase

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An increase was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Special Projects;
 - Consultant Fees;
 - Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2018/19 MTREF

Description	Adjustment Budget 2017/18	Final Budget 2018/19	Final Budget 2019/20	Final Budget 2020/21
Total Operating Revenue	292 067 056	314 127 620	343 489 831	368 930 281
Total Operating Expenditure	288 706 537	303 795 858	327 016 510	349 507 098
Surplus/Deficit	3 360 519	10 331 762	16 473 321	19 423 183
Total Capital Expenditure	61 355 209	68 891 174	14 746 629	10 000 000

Total operating revenue has increased by 7% or R22 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget. For the two outer years, operational revenue will increase by 9% and 7% respectively.

Total operating expenditure for the 2018/19 financial year has been appropriated at R303 million and translates into a budgeted surplus of R10 million. When compared to the 2017/18 Adjustments Budget, operational expenditure has grown by 5% in the 2018/19 budget and by 7% and 6% for each of the respective outer years of the MTREF. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R68,8 million for 2018/19 is 12% more when compared to the 2017/18 Adjustment Budget. The increase is informed by the backlogs in terms of service delivery which the municipality is trying to address.

Operating Revenue Framework

The municipality continues to strive on improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is informed by the following key components:

- National Treasury's guidelines and macroeconomic policy;
- To have growth in economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

NC094 Phokwane - Table A4 Budgeted Financial Performance (revenue and expenditure)

00044 Hokitike - Table A4 Budgeted Financial Performance (Revenue and Expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	16 959	17 309	21 947	23 755	25 755	25 755	-	27 146	29 695	31 901
Service charges - electricity revenue	2	61 006	72 442	77 756	72 646	77 585	77 585	-	82 885	90 668	97 404
Service charges - water revenue	2	25 613	26 830	27 376	38 215	38 215	38 215	-	41 330	45 211	48 570
Service charges - sanitation revenue	2	11 521	12 795	13 747	14 015	17 758	17 758	-	18 717	20 474	21 995
Service charges - refuse revenue	2	7 471	8 309	8 931	9 353	9 353	9 353	-	9 858	10 784	11 585
Service charges - other		-	-								
Rental of facilities and equipment		582	427	597	605	605	605		650	711	764
Interest earned - external investments		1 331	886	(1 123)	3 511	3 511	3 511		2 800	3 063	3 290
Interest earned - outstanding debtors		11 971	16 842	22 172	24 493	24 493	24 493		25 644	28 052	30 137
Dividends received		-	-			-	-				
Fines, penalties and forfeits		373	221	38	192	192	192		200	219	235
Licences and permits				1 961	2 243	2 243	2 243		2 250	2 461	2 644
Agency services		5 003	10 630	1 891	1 966	1 966	1 966		3 115	3 407	3 661
Transfers and subsidies		129 087	130 943	79 265	88 897	88 897	88 897		96 849	105 809	113 589
Other revenue	2	-	-	1 675	947	1 494	1 494	-	2 684	2 936	3 154
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		270 917	297 634	256 233	280 839	292 067	292 067	-	314 128	343 490	368 930

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue for the municipality. In the 2017/18 financial year, revenue from rates and services was R168 million or 57.75 per cent. This increases to R179 million. This increase can be mainly

attributed to the increased tariff rates for the sale of electricity, water, sewer, refuse and property rates.

Property rates is the second largest revenue source totalling 8.63 per cent or R27 million and increases from to R25 million compared to 2017/18. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R96 million in the 2018/19 from the R88 million in 2017/18 financial year .

Table 3 Operating Transfers and Grant Receipts

NC094 Phokwane - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		73 646	97 734	80 517	87 212	87 212	87 212	96 149	105 109	112 889
Local Government Equitable Share		71 353	95 354	79 307	85 242	85 242	85 242	94 534	103 413	111 092
Finance Management		1 600	1 675	1 210	1 970	1 970	1 970	1 615	1 696	1 797
Municipal Systems Improvement		694	705							
Other transfers/grants [insert description]										
Provincial Government:		3 348	1 071	1 537	1 685	1 685	1 685	1 685	1 816	1 942
Sport and Recreation		2 133	1 071	1 537	1 685	1 685	1 685	1 069	1 169	1 256
Provincial Treasury								616	647	686
EPWP		1 215								
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	76 994	98 805	82 054	88 897	88 897	88 897	97 834	106 925	114 831

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. It

must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.

1.1.1 Property Rates Tariff Increases

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The tariff increases are as follows:

PROPERTY RATES	2017/2018	PROPERTY RATES @ 5.4%	2018/2019
Residential	0.0139	Residential	0.0147
Complex and Town houses	0.0139	Complex and Town houses	0.0147
Commercial	0.0139	Commercial	0.0147
Industrial	0.0139	Industrial	0.0147
Agricultural	0.003475	Agricultural	0.003663
Government	0.0139	Government	0.0147
Educational	0.0139	Educational	0.0147
Transnet	0.0139	Transnet	0.0147
Residential-Pensioners	0.0139	Residential-Pensioners	0.0147

The table above depicts tariff increases in terms of property rates with a 5.4% increase.

1.1.2 Sale of Water and Impact of Tariff Increases

WATER:	2017/2018	WATER: @5.4%	2018/2019	
Residential 0-6kl	R8.23	Residential 0-6kl	R8.67	
6-10kl	R12.56	6-10kl	R13.24	
10-50kl	R14.42	10-50kl	R15.20	
50-100kl	R16.84	50-100kl	R17.75	
100kl>	R20.10	100kl>	R21.20	
Commercial 0-6kl	R12.56	Commercial: 0-6kl	R13.24	
6-10kl	R14.42	6-10kl	R15.20	
10-50kl	R16.84	10-50kl	R17.75	
50-100kl	R20.10	50-100kl	R21.20	
100kl>	R21.40	100kl>	R22.56	

Schools and sport clubs: 0-6kl	R8.23	Schools and sport clubs: 0-6kl	R8.67	
6-10kl	R12.56	6-10kl	R13.24	
10-50kl	R14.42	10-50kl	R15.20	
50-100kl	R16.84	50-100kl	R17.75	
100kl>	R20.10	100kl>	R21.20	
NGO'S: 0-6kl	R0.00	NGO'S: 0-6kl	R0.00	
6-10kl	R0.00	6-10kl	R0.00	
10-50kl	R0.00	10-50kl	R0.00	
50-100kl	R0.00	50-100kl	R0.00	
100kl>	R20.10	100kl>	R21.20	

Table 3 Comparison between current electricity charges and increases

Current Tariffs 2017/18 FY		New Tariffs 2018/19 FY @6.84%		
<u>Domestic conventional</u>		<u>Domestic conventional</u>		
Electricity: Basic Charge	R129.12	:Basic Charge	R137.95	
0-50kwh	0.8763c/kWh	0-50 kwh	0.9362c/kWh	
51-350kwh	1.0994c/kWh	51-350kwh	1.1746c/kWh	
351-600kwh	1.6762c/kWh	351-600kwh	1.7909c/kWh	
>600kwh	1.8277c/kWh	>600kwh	1.9527 c/kWh	
<u>Domestic Prepaid</u>		<u>Domestic Prepaid</u>		
<60 Amps		<60 Amps		
: Basic Charge	R129.12	: Basic Charge	R137.95	
0-50kwh	0.8763c/kWh	0-50 kwh	0.9362c/kWh	
51-350kwh	1.0994c/kWh	51-350kwh	1.1746c/kWh	
351-600kwh	1.5460c/kWh	351-600kwh	1.6517c/kWh	

>600kwh	1.8367c/kWh	>600kwh	1.8367c/kWh
Commercial Pre-paid >60 amps :Energy Charge(c/kWh)	 1.9579c/kWh	Commercial Pre-paid >60 amps :Energy Charge(c/kWh)	 1.9623c/kWh
Commercial Tariffs		Commercial Tariffs	
Electricity: Business <200 amps :Basic charge :Energy Charge (kwh)	 R497.40 1.6601c/kWh	Electricity: Business <200 amps Basic charge :Energy Charge (kwh)	 R531.42 1.6601c/kwh
Business >200amps Demand Charges(R/kVA) (Bulk consumers) :Basic Charge :Energy Charge (kWh)	 R184.60 R3389.85 1.1685c/kWh	>200amps Demand Charges(R/kVA) (Bulk consumers) :Basic Charge :Energy Charge (kWh)	 R197.23 R3621.72 1.2484c/kWh
Government/Schools & Sport Clubs			
: Basic charge	R127.68	: Basic charge	R136.41
: Energy Charge	1.3534c/kwh	: Energy Charge	1.4460
Churches/NGO organizations basic charge energy charge	 R127.68 1.3584c/kwh	 Basic charge Energy charge	 R136.41 1.4513

1.1.3 Sanitation and Impact of Tariff Increases

SEWAGE	2017/2018	SEWAGE @5.4%	2018/2019
Residential	R101.29	Residential	R106.76
Commercial:		Commercial:	
Basic per toilet per month	R50.00	Basic per toilet per month	R52.70
Basic per basin per month	R23.20	Basic per basin per month	R24.45

1.1.4 Waste Removal and Impact of Tariff Increases

REFUSE	2017/2018	REFUSE @5.4%	2018/2019
Residential	R61.71	Residential	R65.04
Commercial	R96.08	Commercial	R101.27
Bulk holders	R1134.22	Bulk holders	R1195.47
Schools	R49.05	Schools	R51.70

1.2 Operating Expenditure Framework

The approved operational budget for 2017/2018 amounted to R288, 7 million and the proposed operating expenditure budget for 2018/2019 is being estimated at R303 million thus, representing an increase of 5%.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by standard classification item

NC094 Phokwane - Table A4 Budgeted Financial Performance (revenue and expenditure)

VC094 Prokware - Table A4 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type											
Employee related costs	2	58 438	66 741	72 176	80 250	89 344	89 344	-	101 810	109 547	117 068
Remuneration of councillors		5 468	5 775	5 595	5 992	7 110	7 110		7 110	7 565	8 057
Debt impairment	3	40 720	48 446		11 893	11 893	11 893		12 208	13 181	14 101
Depreciation & asset impairment	2	129 150	160 355	-	13 943	13 943	13 943	-	13 208	14 152	15 102
Finance charges		488	745								
Bulk purchases	2	60 139	80 884	50 709	87 159	87 159	87 159	-	90 571	98 022	104 944
Other materials	8	7 594	8 687	8 410	11 745	11 745	11 745		11 178	12 038	12 867
Contracted services		27 047	16 143	12 368	21 289	22 041	22 041	-	11 792	12 382	13 124
Transfers and subsidies		37 575	11 357	-	-	-	-	-	-	-	-
Other expenditure	4, 5	23 915	27 917	32 776	46 464	45 470	45 470	-	55 919	60 131	64 243
Loss on disposal of PPE											
Total Expenditure		390 534	427 052	182 033	278 736	288 707	288 707	-	303 796	327 017	349 507

The main reason for these increases is due to the following expenditure line items when comparing 2017/18 and 2018/19 financial year:

The budgeted allocation for employee related costs for the 2018/19 financial year is R102 million, which equals 33% of the total operating expenditure. The salary increase factored into this budget at a percentage increase of 7%. An annual increase of 5.4 and 5.5% respectively has been included in the two outer years of the MTREF

The settlement that will be reached by the SALGBC parties in the salary negotiations will result in a further financial implication on this area of expenditure provided that percentage will increase. . It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The provision of debt impairment was determined based on an error that was corrected due to it being recorded as an income in cost centre of electricity department. Therefore the debt impairment had to be adjusted accordingly and it was also challenging as the municipality is still in the process of being audited for the 2016/17 financial year.

The provision for depreciation and asset impairment was not allocated properly due to the municipality being currently audited for the 2016/17 financial year.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Sedibeng.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure is an area in which cost savings and efficiencies can be achieved.

1.2.1 Free Basic Services:

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register more indigent households during the 2018/19 financial year, a process reviewed annually.

Provision is made in the 2018/2019 budget for the free basic services to the value of R 15,473 million that consists of the following:

- Water : 6 Kilolitre per month for 4200 indigent households - R 2,240,123
- Sewerage : Free basic sanitation for 4200 indigent households per month - R5,781,409
- Refuse Removal :Free refuse removal for 4200 indigent households per month -R2,128,291
- Electricity : 50 kWh per month for 4200 indigent households – R 5,323,272

Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 5 2018/19 Medium-term capital budget per vote

NC094 Phokwane - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	700	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE		-	-	-	2 103	2 103	2 103	-	108	-	-
Vote 4 - CORPORATE SERVICES		-	555	544	-	-	-	-	-	-	-
Vote 5 - INFRASTRUCTURE AND HUMAN SETTLEMENTS		36 392	52 824	29 052	58 308	59 252	59 252	-	54 080	17 747	10 000
Vote 6 - PLANNING AND OPERATIONS		827	210	393	-	-	-	-	14 003	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	37 219	53 589	29 989	60 411	61 355	61 355	-	68 891	17 747	10 000

For 2018/19 capital budget amounts to R68 million and has been appropriated for the development of infrastructure. The capital expenditure projects are as follows:

PROPOSED CAPITAL PROJECTS	2018/2019	2019/2020	2020/2021	FUNDING SOURCE
Upgrading of Hartswater Waste Water Treatment Plant	20 000 000	10 000 000	-	WSIG
Ganspan Waste Water Treatment Works and Related Bulk Sewer Infrastructure	10 739 332	4 746 629	-	MIG
Upgrading of Streets and Stormwater: Valspan LIC Project Phase 1	11 761 427	-	10 000 000	MIG
Pampierstad Bulk Water Supply Water including Sakhile:1450 Stands(1089) Phase 1	1 650 246	-	-	MIG
Pampierstad Bulk Water Supply Water including Sakhile:1450 Stands(1302) Phase 2	1 650 246	-	-	MIG
Pampierstad Bulk Water Supply Water including Sakhile:1450 Stands(1089) Phase 1	1 643 714	-	-	INTERNAL
Pampierstad Bulk Water Supply Water including Sakhile:1450 Stands(1302) Phase 2	1 335 459	-	-	INTERNAL
Upgrading of Bulk and Electrification of Inkandla 2501 Stands in Hartswater	3 200 000	-	-	INEP
Stormwater Channels LIC Project Phase 1,2&3: Hartswater&Pampierstad	-	3 000 000	-	EPWP
Development of a Sport Facility in Ganspan	11 290 750	-	-	DPT SPORT AND RECREATION
Renovation of Pampierstad Hall	2 000 000	-	-	INTERNAL
Subdivision of Kingston Erf 1460, Valspan	40 000	-	-	INTERNAL
Formalization of informal settlement, Thagadiepelajang Hill for 200 Sites	250 000	-	-	INTERNAL
Tourism Information Centre	248 000	-	-	INTERNAL
Geyser for Business Centre	9 000	-	-	INTERNAL
Air Conditioners x4	35 000	-	-	INTERNAL
Water Cooler	1 000	-	-	INTERNAL
Fridge	6 000	-	-	INTERNAL
Microwave Oven	1 000	-	-	INTERNAL
Bulk Electricity Supply & Reticulation Hospital View	500 000	-	-	INTERNAL
Mini Substation Jan Kempdorp	500 000	-	-	INTERNAL
Purchase of Surface Cutter for Potholes	40 000	-	-	INTERNAL
Replacement of Pumps at Sewerage Plant	270 000	-	-	INTERNAL
Electricity and Water Prepaid Meters	500 000	-	-	FMG
Laptops and Printers	100 000	-	-	FMG
Mayoral Vehicle	700 000	-	-	INTERNAL
Vehicle Testing Machine	420 000	-	-	INTERNAL
TOTAL PROPOSED CAPITAL EXPENDITURE	68 891 174	17 746 629	10 000 000	

1.3 Annual Budget Tables - Table 6 MBRR Table A1 - Budget Summary

NC094 Phokwane - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	16 959	17 309	21 947	23 755	25 755	25 755	-	27 146	29 695	31 901
Service charges	105 610	120 375	127 811	134 230	142 911	142 911	-	152 790	167 137	179 555
Investment revenue	1 331	886	(1 123)	3 511	3 511	3 511	-	2 800	3 063	3 290
Transfers recognised - operational	129 087	130 943	79 265	88 897	88 897	88 897	-	96 849	105 809	113 589
Other own revenue	17 929	28 120	28 334	30 446	30 993	30 993	-	34 543	37 787	40 595
Total Revenue (excluding capital transfers and contributions)	270 917	297 634	256 233	280 839	292 067	292 067	-	314 128	343 490	368 930
Employee costs	58 438	66 741	72 176	80 250	89 344	89 344	-	101 810	109 547	117 068
Remuneration of councillors	5 468	5 775	5 595	5 992	7 110	7 110	-	7 110	7 565	8 057
Depreciation & asset impairment	129 150	160 355	-	13 943	13 943	13 943	-	13 208	14 152	15 102
Finance charges	488	745	-	-	-	-	-	-	-	-
Materials and bulk purchases	67 734	89 571	59 119	98 904	98 904	98 904	-	101 749	110 059	117 812
Transfers and grants	37 575	11 357	-	-	-	-	-	-	-	-
Other expenditure	91 681	92 507	45 144	79 647	79 405	79 405	-	79 919	85 693	91 468
Total Expenditure	390 534	427 052	182 033	278 736	288 707	288 707	-	303 796	327 017	349 507
Surplus/(Deficit)	(119 617)	(129 418)	74 200	2 103	3 361	3 361	-	10 332	16 473	19 423
Transfers and subsidies - capital (monetary alloc	-	-	-	60 411	61 355	61 355	-	68 891	17 747	10 000
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(119 617)	(129 418)	74 200	62 513	64 716	64 716	-	79 223	34 220	29 423
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(119 617)	(129 418)	74 200	62 513	64 716	64 716	-	79 223	34 220	29 423
Capital expenditure & funds sources										
Capital expenditure	37 219	51 807	29 989	60 411	61 355	61 355	-	68 891	17 747	10 000
Transfers recognised - capital	31 867	52 172	29 177	58 308	59 158	59 158	-	60 892	17 747	10 000
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	5 352	1 417	812	2 103	2 197	2 197	-	7 999	-	-
Total sources of capital funds	37 219	53 589	29 989	60 411	61 355	61 355	-	68 891	17 747	10 000
Financial position										
Total current assets	97 734	96 892	-	540 873	540 873	540 873	-	69 375	76 313	83 944
Total non current assets	669 477	583 865	-	212 224	212 224	212 224	-	234 015	257 416	283 158
Total current liabilities	54 818	72 433	-	22 953	22 953	22 953	-	25 249	27 773	30 551
Total non current liabilities	26 950	52 338	-	16 106	16 106	16 106	-	17 717	19 489	21 438
Community wealth/Equity	685 444	555 987	-	714 037	714 037	714 037	-	260 424	286 467	315 113
Cash flows										
Net cash from (used) operating	(1 173)	72 654	61 287	61 287	83 581	83 581	-	71 011	21 424	18 976
Net cash from (used) investing	(27 943)	(74 589)	(29 989)	(60 411)	(61 355)	(61 355)	-	(57 526)	(14 747)	(10 000)
Net cash from (used) financing	102	13	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	(29 014)	(1 922)	31 298	876	22 226	22 226	-	13 485	20 163	29 139
Cash backing/surplus reconciliation										
Cash and investments available	2 353	2 140	-	2 846	2 846	2 846	-	5 306	5 837	6 420
Application of cash and investments	21 331	40 509	-	(378 437)	(372 496)	(372 496)	-	(22 060)	(23 302)	(26 732)
Balance - surplus (shortfall)	(18 978)	(38 369)	-	381 283	375 342	375 342	-	27 366	29 138	33 153
Asset management										
Asset register summary (WDV)	37 219	53 589	29 989	60 411	61 355	61 355	-	68 891	17 747	10 000
Depreciation	-	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	11 745	11 745	11 745	-	11 178	12 038	12 867
Free services										
Cost of Free Basic Services provided	-	-	-	15 614	15 614	15 614	15 473	15 473	16 926	18 184
Revenue cost of free services provided	-	-	-	3 000	3 000	3 000	2 108	2 108	2 306	2 477
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Table 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC094 Phokwane - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		95 348	21 980	106 062	46 140	48 499	48 499	48 540	52 077	55 870
Executive and council		72 269	(10 125)	79 302	6 628	6 628	6 628	7 702	7 659	8 228
Finance and administration		23 078	32 105	26 760	39 512	41 871	41 871	40 838	44 418	47 642
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6 097	19 724	4 545	20 867	21 055	21 055	27 629	27 538	29 584
Community and social services		2 781	12 915	655	12 765	12 954	12 954	17 444	16 855	18 108
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		3 316	6 810	3 890	8 102	8 102	8 102	10 186	10 683	11 476
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6 928	27 088	68	27 096	28 096	28 096	44 417	25 731	34 420
Planning and development		-	7 084	-	5 849	5 849	5 849	14 537	2 953	3 172
Road transport		6 867	19 373	-	19 024	20 024	20 024	26 556	19 142	27 342
Environmental protection		61	631	68	2 224	2 224	2 224	3 324	3 636	3 906
<i>Trading services</i>		164 422	228 532	145 558	247 147	255 772	255 772	262 433	255 891	259 056
Energy sources		63 365	98 569	79 983	109 070	114 940	114 940	116 922	122 760	131 881
Water management		75 285	82 810	33 976	59 042	59 042	59 042	84 133	73 285	67 987
Waste water management		15 955	27 217	19 166	61 786	64 541	64 541	43 220	39 982	37 853
Waste management		9 817	19 936	12 432	17 249	17 249	17 249	18 159	19 864	21 335
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	272 794	297 325	256 233	341 249	353 422	353 422	383 019	361 236	378 930
Expenditure - Functional										
<i>Governance and administration</i>		56 358	67 555	53 345	76 452	79 761	79 761	82 981	87 790	93 304
Executive and council		15 946	20 213	16 887	20 417	21 489	21 489	20 859	22 030	23 396
Finance and administration		40 412	45 594	34 631	53 703	56 108	56 108	59 814	63 310	67 299
Internal audit		-	1 748	1 827	2 332	2 164	2 164	2 309	2 451	2 608
<i>Community and public safety</i>		22 245	14 267	19 835	19 561	21 857	21 857	26 734	28 620	30 533
Community and social services		5 870	7 743	13 768	12 749	15 100	15 100	16 810	17 799	18 919
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		16 375	6 524	6 067	6 812	6 757	6 757	9 924	10 822	11 614
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		102 069	147 721	18 841	22 178	23 740	23 740	25 927	28 072	30 056
Planning and development		8 273	12 343	11 315	11 270	13 766	13 766	15 186	16 323	17 434
Road transport		93 315	134 949	6 988	10 268	9 311	9 311	9 808	10 729	11 527
Environmental protection		481	429	538	640	663	663	933	1 020	1 096
<i>Trading services</i>		169 926	197 237	90 013	160 545	163 349	163 349	168 154	182 534	195 614
Energy sources		88 840	73 332	44 713	69 635	82 906	82 906	87 297	95 494	102 590
Water management		49 224	52 266	27 840	44 329	40 286	40 286	40 414	42 800	45 498
Waste water management		24 837	24 407	7 811	30 462	26 709	26 709	27 904	30 524	32 792
Waste management		7 025	47 232	9 649	16 119	13 448	13 448	12 538	13 716	14 735
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	350 598	426 781	182 033	278 736	288 707	288 707	303 796	327 017	349 507
Surplus/(Deficit) for the year		(77 804)	(129 456)	74 199	62 513	64 716	64 716	79 223	34 220	29 423

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

1. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

Table 8 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC094 Phokwane - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

2007 Performance - Table A: Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)										
Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and council		72 150	(11 711)	79 302	5 982	5 982	5 982	6 952	6 839	7 347
Vote 2 - MUNICIPAL MANAGER		120	1 586	-	646	646	646	750	820	881
Vote 3 - FINANCE		23 064	26 125	27 110	39 512	41 871	41 871	40 838	44 418	47 642
Vote 4 - CORPORATE SERVICES		15	5 980	(350)	-	-	-	-	-	-
Vote 5 - INFRASTRUCTURE AND HUMAN SETTLEMENTS		171 289	254 409	145 558	270 291	279 916	279 916	289 279	275 033	286 398
Vote 6 - PLANNING AND OPERATIONS		6 159	20 936	4 613	24 819	25 008	25 008	45 200	34 127	36 662
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	272 796	297 325	256 233	341 249	353 422	353 422	383 019	361 236	378 930
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and council		11 068	17 241	13 074	14 808	15 672	15 672	14 709	15 505	16 455
Vote 2 - MUNICIPAL MANAGER		4 878	4 720	5 639	7 941	7 981	7 981	8 459	8 975	9 549
Vote 3 - FINANCE		31 525	35 971	25 900	41 716	43 270	43 270	45 244	47 840	50 837
Vote 4 - CORPORATE SERVICES		8 888	8 714	7 908	10 836	11 692	11 692	13 400	14 204	15 108
Vote 5 - INFRASTRUCTURE AND HUMAN SETTLEMENTS		263 241	339 052	102 923	176 240	177 404	177 404	183 420	199 222	213 534
Vote 6 - PLANNING AND OPERATIONS		30 999	21 081	26 589	27 195	32 688	32 688	38 564	41 270	44 025
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	350 598	426 781	182 033	278 736	288 707	288 707	303 796	327 017	349 507
Surplus/(Deficit) for the year	2	(77 802)	(129 456)	74 200	62 513	64 716	64 716	79 223	34 220	29 423

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 9 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC094 Phokwane - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	16 959	17 309	21 947	23 755	25 755	25 755	-	27 146	29 695	31 901
Service charges - electricity revenue	2	61 006	72 442	77 756	72 646	77 585	77 585	-	82 885	90 668	97 404
Service charges - water revenue	2	25 613	26 830	27 376	38 215	38 215	38 215	-	41 330	45 211	48 570
Service charges - sanitation revenue	2	11 521	12 795	13 747	14 015	17 758	17 758	-	18 717	20 474	21 995
Service charges - refuse revenue	2	7 471	8 309	8 931	9 353	9 353	9 353	-	9 858	10 784	11 585
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		582	427	597	605	605	605	-	650	711	764
Interest earned - external investments		1 331	886	(1 123)	3 511	3 511	3 511	-	2 800	3 063	3 290
Interest earned - outstanding debtors		11 971	16 842	22 172	24 493	24 493	24 493	-	25 644	28 052	30 137
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		373	221	38	192	192	192	-	200	219	235
Licences and permits		-	-	1 961	2 243	2 243	2 243	-	2 250	2 461	2 644
Agency services		5 003	10 630	1 891	1 966	1 966	1 966	-	3 115	3 407	3 661
Transfers and subsidies		129 087	130 943	79 265	88 897	88 897	88 897	-	96 849	105 809	113 589
Other revenue	2	-	-	1 675	947	1 494	1 494	-	2 684	2 936	3 154
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		270 917	297 634	256 233	280 839	292 067	292 067	-	314 128	343 490	368 930
Expenditure By Type											
Employee related costs	2	58 438	66 741	72 176	80 250	89 344	89 344	-	101 810	109 547	117 068
Remuneration of councillors		5 468	5 775	5 595	5 992	7 110	7 110	-	7 110	7 565	8 057
Debt impairment	3	40 720	48 446	-	11 893	11 893	11 893	-	12 208	13 181	14 101
Depreciation & asset impairment	2	129 150	160 355	-	13 943	13 943	13 943	-	13 208	14 152	15 102
Finance charges		488	745	-	-	-	-	-	-	-	-
Bulk purchases	2	60 139	80 884	50 709	87 159	87 159	87 159	-	90 571	98 022	104 944
Other materials	8	7 594	8 687	8 410	11 745	11 745	11 745	-	11 178	12 038	12 867
Contracted services		27 047	16 143	12 368	21 289	22 041	22 041	-	11 792	12 382	13 124
Transfers and subsidies		37 575	11 357	-	-	-	-	-	-	-	-
Other expenditure	4, 5	23 915	27 917	32 776	46 464	45 470	45 470	-	55 919	60 131	64 243
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		390 534	427 052	182 033	278 736	288 707	288 707	-	303 796	327 017	349 507
Surplus/(Deficit)		(119 617)	(129 418)	74 200	2 103	3 361	3 361	-	10 332	16 473	19 423
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	60 411	61 355	61 355	-	68 891	17 747	10 000
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education and Training)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(119 617)	(129 418)	74 200	62 513	64 716	64 716	-	79 223	34 220	29 423
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(119 617)	(129 418)	74 200	62 513	64 716	64 716	-	79 223	34 220	29 423
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(119 617)	(129 418)	74 200	62 513	64 716	64 716	-	79 223	34 220	29 423
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(119 617)	(129 418)	74 200	62 513	64 716	64 716	-	79 223	34 220	29 423

Table 10 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

NC094 Phokwane - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	700	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE		-	-	-	2 103	2 103	2 103	-	108	-	-
Vote 4 - CORPORATE SERVICES		-	555	544	-	-	-	-	-	-	-
Vote 5 - INFRASTRUCTURE AND HUMAN SETTLEMENTS		36 392	52 824	29 052	58 308	59 252	59 252	-	54 080	17 747	10 000
Vote 6 - PLANNING AND OPERATIONS		827	210	393	-	-	-	-	14 003	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	37 219	53 589	29 989	60 411	61 355	61 355	-	68 891	17 747	10 000
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	700	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE		-	-	-	2 103	2 103	2 103	-	108	-	-
Vote 4 - CORPORATE SERVICES		-	555	544	-	-	-	-	-	-	-
Vote 5 - INFRASTRUCTURE AND HUMAN SETTLEMENTS		36 392	52 824	29 052	58 308	59 252	59 252	-	54 080	17 747	10 000
Vote 6 - PLANNING AND OPERATIONS		827	210	393	-	-	-	-	14 003	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		37 219	53 589	29 989	60 411	61 355	61 355	-	68 891	17 747	10 000
Total Capital Expenditure - Vote		74 438	107 177	59 978	120 821	122 710	122 710	-	137 782	35 493	20 000
Capital Expenditure - Functional											
Governance and administration		72	555	544	2 103	2 103	2 103	-	808	-	-
Executive and council		72	-	-	-	-	-	-	700	-	-
Finance and administration		-	555	544	2 103	2 103	2 103	-	108	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		755	150	-	-	-	-	-	13 711	-	-
Community and social services		755	150	-	-	-	-	-	2 000	-	-
Sport and recreation		-	-	-	-	-	-	-	11 291	-	-
Public safety		-	-	-	-	-	-	-	420	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	12 506	11 723	10 000	11 000	11 000	-	12 383	3 000	10 000
Planning and development		-	1 176	393	-	-	-	-	582	-	-
Road transport		-	11 329	11 329	10 000	11 000	11 000	-	11 801	3 000	10 000
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		4 525	38 597	17 722	48 308	48 252	48 252	-	41 989	14 747	-
Energy sources		-	1 362	5 169	7 672	8 604	8 604	-	4 700	-	-
Water management		-	36 258	1 112	5 531	6 866	6 866	-	26 280	10 000	-
Waste water management		-	977	11 442	35 104	32 783	32 783	-	11 009	4 747	-
Waste management		4 525	-	-	-	-	-	-	-	-	-
Other		31 867	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	37 219	51 807	29 989	60 411	61 355	61 355	-	68 891	17 747	10 000
Funded by:											
National Government		31 867	52 172	29 177	58 308	59 158	59 158	-	49 601	17 747	10 000
Provincial Government		-	-	-	-	-	-	-	11 291	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	31 867	52 172	29 177	58 308	59 158	59 158	-	60 892	17 747	10 000
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		5 352	1 417	812	2 103	2 197	2 197	-	7 999	-	-
Total Capital Funding	7	37 219	53 589	29 989	60 411	61 355	61 355	-	68 891	17 747	10 000

Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

1. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

Table 11 MBRR Table A6 - Budgeted Financial Position

NC094 Phokwane - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		1							23 665	26 032	28 635
Call investment deposits	1	2 352	2 472	-	2 846	2 846	2 846	-	3 130	3 443	3 788
Consumer debtors	1	17 750	18 896	-	538 027	538 027	538 027	-	50 934	56 028	61 630
Other debtors		16 286	14 169						-	-	-
Current portion of long-term receivables		-	-								
Inventory	2	61 344	61 355						2 091	2 300	2 530
Total current assets		97 734	96 892	-	540 873	540 873	540 873	-	79 821	87 803	96 583
Non current assets											
Long-term receivables		1	-								
Investments		-	-								
Investment property		68 746	68 746								
Investment in Associate											
Property, plant and equipment	3	600 515	514 656	-	212 224	212 224	212 224	-	233 446	256 791	282 470
Agricultural		-									
Biological		-									
Intangible		197	446						-	-	-
Other non-current assets		18	18								
Total non current assets		669 477	583 865	-	212 224	212 224	212 224	-	233 446	256 791	282 470
TOTAL ASSETS		767 211	680 757	-	753 096	753 096	753 096	-	313 267	344 594	379 053
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	332								
Borrowing	4	2 883	469	-	83	83	83	-	91	100	110
Consumer deposits		2 644	2 709						3 501	4 458	5 804
Trade and other payables	4	45 332	63 698	-	22 871	22 871	22 871	-	166 484	232 050	258 574
Provisions		3 958	5 225						30 671	37 138	44 852
Total current liabilities		54 818	72 433	-	22 953	22 953	22 953	-	200 747	273 747	309 340
Non current liabilities											
Borrowing		10 684	15 416	-	-	-	-	-	-	-	-
Provisions		16 266	36 922	-	16 106	16 106	16 106	-	33 297	36 627	40 289
Total non current liabilities		26 950	52 338	-	16 106	16 106	16 106	-	33 297	36 627	40 289
TOTAL LIABILITIES		81 767	124 771	-	39 060	39 060	39 060	-	234 044	310 374	349 630
NET ASSETS	5	685 444	555 987	-	714 037	714 037	714 037	-	79 223	34 220	29 423
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		685 444	555 987		714 037	714 037	714 037		79 223	34 220	29 423
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	685 444	555 987	-	714 037	714 037	714 037	-	79 223	34 220	29 423

Table 12 MBRR Table A7 - Budgeted Cash Flow Statement

NC094 Phokwane - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		16 959	17 309	20 586	20 586	22 319	22 319		23 524	25 733	27 645
Service charges		82 111	87 626	114 095	114 095	118 945	118 945		125 889	134 485	150 943
Other revenue		-	11 342	5 867	5 867	5 454	5 454		8 654	9 481	7 295
Government - operating	1	76 994	105 456	88 897	88 897	88 897	88 897		96 849	105 809	113 589
Government - capital	1	12 611	26 771	60 411	60 411	60 411	60 411		68 891	17 747	10 000
Interest		1 331	886	24 330	24 330	23 106	23 106		23 316	26 908	28 907
Dividends		-	-						-	-	-
Payments											
Suppliers and employees		(190 692)	(175 991)	(252 899)	(252 899)	(235 551)	(235 551)		(276 112)	(298 738)	(319 403)
Finance charges		(488)	(745)						-	-	-
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(1 173)	72 654	61 287	61 287	83 581	83 581	-	71 011	21 424	18 976
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		211							-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(28 154)	(74 589)	(29 989)	(60 411)	(61 355)	(61 355)		(57 526)	(14 747)	(10 000)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(27 943)	(74 589)	(29 989)	(60 411)	(61 355)	(61 355)	-	(57 526)	(14 747)	(10 000)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		102	65						-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing			(52)						-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		102	13	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(29 014)	(1 922)	31 298	876	22 226	22 226	-	13 485	6 678	8 976
Cash/cash equivalents at the year begin:	2								-	13 485	20 163
Cash/cash equivalents at the year end:	2	(29 014)	(1 922)	31 298	876	22 226	22 226	-	13 485	20 163	29 139

Table 13 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC094 Phokwane - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	(29 014)	(1 922)	31 298	876	22 226	22 226	-	13 485	20 163	29 139
Other current investments > 90 days		31 367	4 062	(31 298)	1 970	(19 380)	(19 380)	-	(8 179)	(14 326)	(22 719)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		2 353	2 140	-	2 846	2 846	2 846	-	5 306	5 837	6 420
Application of cash and investments											
Unspent conditional transfers		2 507	3 791	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	18 824	36 718	-	(378 437)	(372 496)	(372 496)	-	(22 060)	(23 302)	(26 732)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		21 331	40 509	-	(378 437)	(372 496)	(372 496)	-	(22 060)	(23 302)	(26 732)
Surplus(shortfall)		(18 978)	(38 369)	-	381 283	375 342	375 342	-	27 366	29 138	33 153

Table 14 MBRR Table A9 - Asset Management

NC094 Phokwane - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	37 219	53 589	29 989	60 411	61 355	61 355	68 891	17 747	10 000
<i>Roads Infrastructure</i>		-	13 538	11 329	10 000	11 000	11 000	-	-	-
<i>Storm water Infrastructure</i>		4 525	1 614	-	-	-	-	11 801	3 000	10 000
<i>Electrical Infrastructure</i>		-	1 362	5 169	7 672	8 604	8 604	4 700	-	-
<i>Water Supply Infrastructure</i>		-	35 043	1 112	5 531	6 866	6 866	26 280	10 000	-
<i>Sanitation Infrastructure</i>		31 867	1 077	11 442	35 104	32 783	32 783	11 009	4 747	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		36 392	52 634	29 052	58 308	59 252	59 252	53 790	17 747	10 000
Community Facilities		755	-	393	-	-	-	2 538	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	11 291	-	-
Community Assets		755	-	393	-	-	-	13 829	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		72	769	-	-	-	-	472	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		72	769	-	-	-	-	472	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	186	544	2 103	2 103	2 103	-	-	-
Intangible Assets		-	186	544	2 103	2 103	2 103	-	-	-
Computer Equipment		-	-	-	-	-	-	100	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	700	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide

technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2017. Key dates applicable to the process were:

- **August 2017** – Schedule of key deadline was tabled to Council in August 2017 for strategically implementation of the IDP and Budget.
- **25 March 2017** - Tabling in Council of the draft 2018/19 IDP and 2019/20 MTREF for public consultation;
- **April 2017** – Public consultation couldn't take place due to community protest.

This led to deviations from the key dates set out in the Budget Time Schedule tabled in Council due in terms of public consultation due to community protest.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

Units within the municipality submitted inputs for compilation of the IDP for review process which is aligned to the budget for implementation. The draft IDP was then compiled to be tabled to Council before consultation with the community.

The Draft IDP was adopted by Council in March 2018, and the process of IDP/Budget consultative process was then had to unfold. But due to unforeseen circumstances likes community protests, the consultative meetings couldn't materialise. Meetings for IDP / Budget consultative process were rescheduled to take place from the 21 – 25 May 2018.

2.1.3 Community Consultation

After the approval of the draft IDP by Council in March 2018, the public consultation process was advertised on the DFA newspaper, municipal notice board and distributed around community area, but couldn't materialise at planned due to community protest. The municipality held public consultations, which started from the 21 to 24 May 2018.

2.2 Overview of alignment of annual budget with IDP

Phokwane Municipality conducted a strategic planning session in May 2017 with the objective of aligning the IDP with the Service Delivery and Budget Implementation Plan and the Performance Plans. The municipality has set realistic targets that are SMART in terms of its objectives that should be measured through the Key Performance Indicators.

Table 15 IDP Strategic Objectives

2017/18 Financial Year	Strategic Objective
1. Basic services	1. To ensure and facilitate access to basic services to all formal areas.
2. Municipal Institutional Development and Transformation	2. Economic growth and development that leads to sustainable job creation
3. Local Economic Development	3.1 To create an enabling environment for economic transformation, growth, tourism and agriculture. To create a conducive environment for enterprise development.
4. Good Governance and Public Participation	4. To create a conducive environment for community participation in the affairs of the municipality. To uphold the principles of good governance in the structures of the municipality
5. Municipal Financial Viability and Management	1. To promote sustainable and sound financial management.

In order to ensure integrated and achievable service delivery between all spheres of government, the municipality to engage with sector departments during the IDP Stakeholders meetings, in order to address priorities received from communities.

Table 16 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Good governance and Public Participation	Encourage the involvement of communities and community organisations in matters of local government			72 269	(10 125)	79 302	6 628	6 628	6 628	7 002	7 659	8 228	
Municipal institutional Development	Promote safe and healthy environment			6 174	26 125	4 263	23 092	23 280	23 280	28 500	31 176	33 492	
Municipal Financial Viability and management	Provide democratic and accountable government to local community			23 064	26 336	27 110	37 409	39 768	39 768	40 730	44 418	47 642	
Basic Service Delivery	Ensure the provision of services to communities in a sustainable manner			171 289	254 409	145 558	211 983	220 663	220 663	235 199	257 286	276 398	
Local Economic Development	Promote social & economic development			–	579		1 727	1 727	1 727	2 697	2 951	3 170	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	272 796	297 325	256 233	280 839	292 067	292 067	314 128	343 490	368 930

Table 17 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC094 Phokwane - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Good governance and Public Participation	Encourage the involvement of communities and community organisations in matters of local government			15 946	21 961	18 714	22 749	23 653	23 653	23 167	24 480	26 004	
Municipal institutional Development	Promote safe and healthy environment			39 320	27 847	32 521	35 395	41 516	41 516	48 959	52 253	55 695	
Municipal Financial Viability and management	Provide democratic and accountable government to local community			31 525	35 971	25 900	41 716	43 270	43 270	45 244	47 840	50 837	
Basic Service Delivery	Ensure the provision of services to communities in a sustainable manner			263 241	339 052	102 923	176 240	177 404	177 404	183 420	199 222	213 534	
Local Economic Development	Promote social & economic development			566	2 220	1 976	2 636	2 864	2 864	3 005	3 221	3 438	
Allocations to other priorities													
Total Expenditure				1	350 598	427 052	182 033	278 736	288 707	288 707	303 796	327 017	349 507

Table 18 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NC094 Phokwane - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Good governance and Public Participation	Encourage the involvement of communities and community organisations in matters of local government	A								700		
Municipal institutional Development	Promote safe and healthy environment	B		827	704	393				14 003		
Municipal Financial Viability and management	Provide democratic and accountable government to local community	C				544	2 103	2 103	2 103	108		
Basic Service Delivery	Ensure the provision of services to communities in a sustainable manner	D		36 392	52 824	29 052	58 308	59 252	59 252	54 080	17 747	10 000
Local Economic Development	Promote social & economic development	E			60							
		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	37 219	53 589	29 989	60 411	61 355	61 355	68 891	17 747	10 000

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Council also approved the performance framework that will guide in implementing assessment of performance.

Phokwane Municipality doesn't have a system to be utilized to measure performance, but utilizes a manual process of gathering information and capture it into the computer. Performance management is only implemented from Senior Management until Middle Management only but not yet cascaded down to lower levels.

The municipalities utilizes the performance plans of senior managers which clearly outlines the KPA , KPI and targets that should be measured on quarterly basis. Thereafter the Performance

Officer will conduct performance reviews on quarterly basis to measure performance per indicates on the performance plans.

Senior Managers signed the performance agreements and plans and were submitted to Council for approval. These performance agreements were thereafter published on the municipal website.

The municipality needs a system for performance in order to conduct a credible assessment of performance, which will also assist in ensuring that performance is cascaded downwards.

2.3.1 Salary increases

The settlement that will be reached by the SALGBC parties in the salary negotiations will result in a further financial implication on this area of expenditure provided that percentage will increase. . It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

Table 19 MBRR SA10 – Funding compliance measurement

NC094 Phokwane Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(29 014)	(1 922)	31 298	876	22 226	22 226	-	13 485	20 163	29 139
Cash + investments at the yr end less applications - R'000	18(1)b	2	(18 978)	(38 369)	-	381 283	375 342	375 342	-	27 366	29 138	33 153
Cash year end/monthly employee/supplier payments	18(1)b	3	(1,4)	(0,1)	2,4	0,0	1,1	1,1	-	0,6	0,9	1,2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(119 617)	(129 418)	74 200	62 513	64 716	64 716	-	79 223	34 220	29 423
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	6,3%	2,8%	(0,5%)	0,8%	(6,0%)	(106,0%)	0,7%	3,4%	1,4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	70,5%	70,1%	78,9%	74,6%	73,5%	73,5%	0,0%	73,7%	72,3%	73,7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	33,2%	35,2%	0,0%	7,5%	7,1%	7,1%	0,0%	6,8%	6,7%	6,7%
Capital payments % of capital expenditure	18(1)c:19	8	37,8%	69,6%	50,0%	50,0%	50,0%	50,0%	0,0%	41,8%	41,5%	50,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(2,9%)	(100,0%)	0,0%	0,0%	0,0%	(100,0%)	(88,1%)	10,0%	10,0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(100,0%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0,0%	0,0%	0,0%	5,5%	5,5%	5,5%	0,0%	4,8%	4,7%	4,6%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

2.4 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was not fully complied with on a monthly basis due to challenges with financial system changes. Section 71 reporting to the.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/19 MTREF in May 2018 directly aligned and informed by the 2018/19 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.5 Municipal manager's quality certificate

I, municipal manager of Phokwane Municipality, hereby certify that the draft budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Phokwane Municipality

Signature _____

Date _____